

Consumer Alert

Federal Trade Commission ■ Bureau of Consumer Protection ■ Office of Consumer and Business Education

Answering the Knock of a Business 'Opp'

It's not so hard to see why consumers would be drawn to ads for business opportunities that trumpet claims like "be your own boss," "set your own hours," "work from home," and "earn money quickly." But as the Federal Trade Commission has repeatedly found, business opportunity promotions like these often are scams, taking consumers' money up front but failing to deliver on their promises in the end.

Prospective business owners can take steps to make sure they're not taken in by fraudulent business opportunities. Before investing in any "biz opp," the Federal Trade Commission suggests that consumers:

- Get all earnings claims *in writing*. If the promoter hesitates or refuses to give the information in writing, find another business opportunity.
- Interview references provided by the promoter of the business opportunity. Talk to each prior purchaser *in person*, preferably where their business operates. This may help reduce your risk of being misled by "shills."
- Study the business opportunity's franchise disclosure document. It includes information about the company, including whether it has faced any lawsuits from prior purchasers or lawsuits alleging fraud.
- Ask the Attorney General's office, state or county consumer protection agency and Better Business Bureau in the area in which the business opportunity promoter is based and where you live whether the promoter has a history of unresolved complaints.
- If the business opportunity involves selling products from well-known companies, call the legal department of the company whose merchandise is being promoted. Find out whether the business opportunity and its promoter are affiliated with the company.
- Consult an attorney, accountant or other business advisor before you put any money down or sign any papers.

For more information about business opportunities or to make a complaint, call the FTC toll-free at 1-877-FTC-HELP (382-4357) or visit online at www.ftc.gov.

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